

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 AGR-20

SWF-02 L-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

USIA-15 PRS-01 COME-00 LAB-06 SIL-01 DRC-01 /159 W
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R 121601Z JUN 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 886

INFO AMEMBASSY SAN JOSE

C O N F I D E N T I A L PANAMA 3349

E.O. 11652: GDS

TAGS: ETDR, PN,CS

SUBJECT: NEWSPAPER CHARGES SLOWDOWN IN BANANA HARVESTING

REF: PANAMA 3205

SUMMARY: GOVERNMENT NEWSPAPER CRITICA, HEADLINED ARTICLE DESCRIBING SLOWDOWN IN BANANA CUTTING IN PANAMA. COMPANY REPRESENTATIVE CONFIRMED TEMPORARY REDUCTION BUT SAID THIS WAS RELATED TO ACCELERATED CUTTING IN COSTA RICA IN VIEW OF IMPENDING STRIKE THERE. HE ADDED THAT COMPANY MUST EVENTUALLY MINIMIZE SHIPMENTS FROM PANAMA IN ORDER TO CUT LOSSES UNLESS BANANA PRICES RISE SUFFICIENTLY TO ENABLE COMPANY TO AT LEAST BREAK EVEN. END SUMMARY.

1. IN TWO-INCH HIGH RED LETTERS GOVERNMENT NEWSPAPER CRITICA HEADLINED "BOYCOTT" AGAINST THE NEW BANANA EXPORT TAX. ARTICLE SAID THAT UNITED BRANDS' SUBSIDIARY, CHIRIQUI LAND COMPANY, HAD REDUCED BANANA CUTTING FROM FOUR OR FIVE DAYS PER WEEK TO ONLY TWO PER WEEK, CONSTITUTING AN OBVIOUS BOYCOTT OF THE BANANA POLICY ADOPTED BY THE REVOLUTIONARY GOVERNMENT. ARTICLE ADDED THAT THE BOYCOTT WAS DENOUNCED BY THE BANANA GROWERS' ASSOCIATION OF CHIRIQUI AND THAT THEIR DIRECTORS MET YES-
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TERDAY WITH THE MINISTER OF COMMERCE AND INDUSTRIES, FERNANDO

MANDREDO.

2. ECONOFF CALLED ON VICTOR HEYL, GENERAL MANAGER OF THE PUERTO ARMUELLES DIVISION OF CHIRQUI LAND CO., WHO HAPPENED TO BE IN PANAMA CITY, IN ORDER TO VERIFY ACCURACY OF PRESS REPORT WHICH APPEARED IN ONLY THE ONE TABLOID NEWSPAPER. HEYL CONFIRMED THAT A TEMPORARY REDUCTION HAD BEEN MADE IN PANAMA WITH CORRESPONDING ACCELERATION IN CUTTING IN THE COSTA RICA, SOUTH PACIFIC ZONE, BECAUSE OF THE IMPENDING STRIKE AGAINST UNISTED BRANDS WHICH APPARENTLY BEGAN ON JUNE 10. HE SAID THAT THIS IS THE NORMAL PRACTICE AND THAT IF THE STRIKE CONTINUES IT COULD MEAN A SUBSEQUENT INCREASE IN BANANA CUTTING IN PANAMA IN ORDER TO MEET CONTRACTUAL COMMITMENTS. HEYL STATED, HOWEVER, THAT PRICES WERE DECLINING IN THE U.S. BECAUSE OF LARGE SHIPMENTS BY STANDARD FROM ECUADOR, AND HIS COMPANY HAD INFORMED MINISTER MANDREDO THAT A REDUCTION IN BANANA EXPORTS FROM PANAMA WOULD ULTIMATELY BECOME NECESSARY TO MINIMIZE LOSSES (SEE REFTEL). HE INDICATED THAT ORDERS WOULD BE FILLED TO THE EXTENT POSSIBLE FROM HONDURAS AND COSTA RICA AND THAT PANAMA WOULD BECOME A RESIDUAL SUPPLIER UNLESS PRICES SHOULD RISE ENOUGH TO ENABLE COMPANY TO AT LEAST BREAK EVEN.

COMMENT: HEYL APPEARED VERY GLOOMY ABOUT PROSPECTS FOR CONTINUING BUSINESS IN PANAMA. HE OBVIOUSLY EXPECTS THAT THE "CRITICA" ARTICLE WILL EXPAND INTO A GENERAL PRESS ATTACK ON THE COMPANY IN SPITE OF EFFORTS MADE TO AVOID A CONFRONTATION. HE FELT THAT GENERAL TORRIJOS WOULD NOT BE ABLE TO BRING HIMSELF TO PERMIT A REDUCTION OF THE TAX TO AN ACCEPTABLE RATE WHICH COULD BE AS MUCH AS TWENTY TO THIRTY CENTS A BOX, ACCORDING TO HEYL.

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Message Attributes

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